



State of Wisconsin  
**STATE - INCOME CONTINUATION  
INSURANCE PROGRAM  
FACT SHEET 2008**

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Income Continuation Insurance (ICI) is an optional insurance that provides replacement income for disabilities that are considered short-term in nature, as well as those which may last for extended periods.

### **PROGRAM REVIEW**

- Created by Wis. Stat. § 40.62.
- The Department of Employee Trust Funds and the Wisconsin Group Insurance Board (GIB) have statutory authority for program administration and oversight [Wis. Stat. § 40.03 (6)].
- The program is self-insured, financed by employer and employee premium contributions.
- State agencies perform enrollment and premium collection.
- Most of the premium income is allocated to pay benefits, establish reserves, and provide rehabilitative services.
- The GIB contracts with a private administrator to issue eligibility determinations and process claims.

### **ELIGIBILITY AND ENROLLMENT**

- State employees who have been participating in the Wisconsin Retirement System (WRS) for six months.
- Elected state officials and members or employees of the legislature are eligible immediately.
- University of Wisconsin (UW) faculty are eligible six months after hire.
- There are additional enrollment opportunities other than the “initial enrollment period” by demonstrating good health through evidence of insurability or by accruing sufficient sick leave to qualify.
- Coverage may continue during authorized leaves of absence and layoffs.
- Standard ICI coverage is for annual earnings of \$64,000 or less. See reverse side for information on optional supplemental coverage.

### **BENEFITS**

- Disability means the inability to perform the duties of the claimant’s position (short-term) or the complete inability to engage in any substantial gainful activity for which the claimant is reasonably qualified (long-term).
- Benefits equal 75% of gross basic salary; a \$75 supplement is added to the normal monthly benefit amount, beginning with the second year of disability.
- There is a maximum monthly benefit of \$4,000 for standard ICI coverage.
- Benefits are payable for the length of disability, or until age 65. There is an exception for disabilities beginning at age 62 or later.

- Benefits are paid after a minimum of a 30-calendar day elimination period (or selected elimination period for UW faculty) or upon exhaustion of accumulated sick leave, up to 130 days, whichever is later.
- Program may pay the cost of rehabilitative training.
- Benefits will not duplicate benefits available from other state or federal programs (e.g., WRS, Social Security, Worker's Compensation, etc.).

### **PREMIUM**

- Premium is based on previous calendar year WRS reported earnings (rounded to the next higher \$1,000 and divided by 12) and accumulated sick leave (selected elimination period for University of Wisconsin faculty).
- The state will pay all or part of the total premium for employees who accumulate sufficient sick leave.
- UW faculty who have one year of state creditable service receive 100% state-paid premium contribution based on a 180 calendar-day elimination period.

### **OPTIONAL SUPPLEMENTAL COVERAGE**

- Optional coverage is available to employees with annual earnings exceeding \$64,000. Allows coverage of salary up to a maximum of \$120,000.
- Employees pay entire premium for optional supplemental coverage; premiums are in addition to required premium payments for standard coverage. Employers are not permitted to pay any portion of the supplemental ICI premium.
- Maximum monthly benefit payable up to \$7,500 for standard and supplemental coverage.

### **FINANCIAL STATISTICS AS OF DECEMBER 31, 2007**

Total Assets:	\$76.7 million
Estimated Total Liabilities: (Reported Claims + Incurred But Not Reported Claims)	\$65.0 million
Recommended Reserve:	15-25% of estimated liabilities

### **CLAIMS STATISTICS**

#### **Paid in 2007 by Year Incurred**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Number of Claims	997	704	168	134
Average Monthly Benefit	\$1,310	\$936	\$1,042	\$809

#### **Total Paid in Year Ended December 31**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Number of Claims	2,476	2,418	2,269	2,177
Average Monthly Benefit	\$1,065	\$1,004	\$1,103	\$1,098

### **REVENUES BY TYPE (in thousands \$)**

#### Premiums

<u>Year</u>	<u>Employee</u>	<u>Employer</u>	<u>Investment Income</u>	<u>Total</u>	<u>Covered Employees</u>
2007	\$6,207	\$5,223	\$5,433	\$16,863	55,048
2006	\$5,479	\$4,482	\$9,730	\$19,691	54,646
2005	\$4,848	\$4,127	\$5,187	\$14,162	54,844
2004	\$5,185	\$4,437	\$7,548	\$17,170	55,622

### **EXPENSES BY TYPE (in thousands \$)**

#### Benefits Paid

<u>Year</u>	<u>Short- and Long-term</u>	<u>Other Expenses</u>	<u>Total</u>
2007	\$14,452	\$9	\$14,461
2006	\$15,443	\$19	\$15,462
2005	\$13,340*	\$59	\$13,399
2004	\$12,416	\$22	\$12,439

\* Total 2007 claims \$14,461,064 (includes taxes). Other expenses (pass through benefits) \$8,736.